

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF PEOPLE'S)	CASE NO. 2004-00347
GAS, INC.)	

ORDER

On April 30, 2001, in Case No. 2001-00027, the Commission approved the transfer of the Phelps portion of the Mike Little Gas Co., Inc. ("Mike Little") system to People's Gas, Inc. ("People's") and provided for the adjustment of rates on a quarterly basis in accordance with Mike Little's gas cost adjustment ("GCA") clause, which People's adopted and ratified as ordered in paragraph 3 of the Commission's Order approving the transfer.¹

On September 1, 2004, People's filed its GCA to be effective October 1, 2004.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. People's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.

2. People's notice sets out an expected gas cost ("EGC") of \$10.2273 per Mcf. People's based its proposed EGC on the Columbia Gas of Kentucky ("Columbia") Intrastate Utility Service ("IUS") rate in effect through August 31, 2004. In Case No.

¹ Case No. 2001-00027, Joint Petition of Mike Little Gas Company, Inc. and People's Gas Inc. for the Transfer of Gas Transmission Facilities and Joint Motion for Relief from Compliance Schedule, Order dated April 30, 2001.

2004-00299,² the Commission approved a new, lower IUS rate for Columbia, which People's GCA should reflect. Based on Columbia's new wholesale rate and allowing for line loss as reflected in People's filing, the approved EGC is \$8.9677, which is \$1.8160 less than the prior EGC of \$10.7837.

3. People's notice sets out no current quarter refund adjustment.

4. People's notice sets out a current quarter actual adjustment ("AA") of 98.61 cents per Mcf. People's used the incorrect EGC for June and July 2004. Correcting for this error produces a current quarter AA of 96.45 cents per Mcf. People's total AA is \$2.5545 per Mcf, an increase of \$2.2516 per Mcf from the previous total AA.

5. People's notice proposes no current quarter balance adjustment ("BA"). People's total BA is (1.87) cent, which is no change from the previous total BA.

6. People's GCA is \$11.5035 per Mcf, which is 43.56 cents per Mcf more than the previous rate of \$11.0679.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by People's on and after October 1, 2004.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after October 1, 2004.

2. Within 20 days of the date of this Order, People's shall file with this Commission its revised tariffs setting out the rates authorized herein.

² Case No. 2004-00299, Notice of Purchased Gas Adjustment Filing of Columbia Gas of Kentucky, Inc., Order dated August 26, 2004.

Done at Frankfort, Kentucky, this 30th day of September, 2004.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above a horizontal line.

Executive Director

Case No. 2004-00347

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2004-00347 DATED September 30, 2004

The following rates and charges are prescribed for the customers in the area served by People's Gas, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 1 Mcf – Minimum Bill	\$4.3971	\$11.5035	\$15.9006
Over 1 Mcf	2.7670	11.5035	14.2705